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Ladies and Gentlemen, I am very pleased to be here with the Commonwealth Club again. Judge Grant did quite a job of research. She didn't tell you that she and I were in the OSS together. She was under age. She also forgot to mention that I was once a notary public.

I thought I'd talk today about what you pay for and what you get in our American Intelligence Community. There are a lot of false impressions about intelligence. Intelligence is much more than espionage, or codebreaking, or cameras in the sky, or collecting signals and electronic impulses. The heart of it is knowing what information we need to protect our country and its interests in the world, where and how to get it, how to put it together, and what to make out of it. Then you have to get it used in developing and implementing our own policies, in helping our friends and allies defend themselves, and in blunting hostile propaganda and subversion directed at the United States and its friends and allies.

My predecessors, foremost among them John McCone, who I am happy to see here at the head table, have created a great apparatus of scholarship and technical marvels to collect and process a vast flow of information from all over the world. But our intelligence service had fallen behind badly for having lost 50% of its manpower and 40% of its funding during the seventies. It is hard to overstate the damage done to the intelligence service during the seventies. Unrelenting questioning of the Agency's integrity generated a severe loss of credibility. That credibility is only now being restored. With steadily diminishing resources, operations were curtailed, too many good people were lost, analysis suffered.

We have set our goals immediately to strengthen the capabilities of the Intelligence Community to deal with today's more complicated world, and, at the same time, develop new capabilities to meet the challenges of the troubled times we see in the late eighties and nineties. We have good progress and have been assured of the President's steady support toward meeting both these goals.

Analysis, and its assessment in National Intelligence Estimates, is the bottom line of the intelligence process. Intelligence analysis must be linked to the policy process. It must answer a question the policymakers have asked, are about to ask, or should have asked. Poorly drawn or incomplete analysis is a disservice to the policymaker and an unforgiveable waste of an enormously complex and costly collection system. Collection, after all, is only facts, and just as houses are made of stone, so collection is made of facts. But a pile of stones is not a house, and a collection of facts is not intelligence. It is analysis and assessment that make it intelligence.

My highest responsibility is to produce sound national intelligence estimates on issues relevant to our national security. We have taken steps to assure standards of integrity and objectivity, relevance and timeliness, accuracy and independence to the national estimate process.

The time it takes to give the President an estimate on a timely topic has been drastically streamlined. Days and weeks are no longer spent in compromising and semantics to paper over divergent views. It is my responsibility to make the estimate and to protect the President from conventional wisdom by ensuring that estimates reflect the substantiated judgments held by any of the components of the Intelligence Community. We have brought a lively competition in the

estimative process. The chiefs of all intelligence components (the NSA, the DIA, the State Department's Intelligence and Research component, the Armed Services, Treasury, FBI and Energy) meet as a board of estimates in the National Foreign Intelligence Council. This involves them personally in the substance of estimates to make them better, to see that different views are fully reflected, to give the policymaker not some diluted consensus but a range of real and specific expectations. After all, a policy to deal with a future which cannot be precisely foreseen must be sufficiently broad and flexible to provide for a range of concrete possibilities.

We have instituted an aggressive program to take advantage of the expertise of outside scholars and researchers in recognition that intelligence people have no monopoly on the truth. We are reaching into the think tanks, the academic institutions, the science labs, and the business community for a wide assortment of experts to address special problems for us and to get different perceptions.

Now, what do we see out there. The Soviet Union presents the largest danger and is still our number one priority. We see a frightening buildup of all military forces with the latest technological advances. But we are no longer just worried about Soviet military capability -- though it remains the only country able to threaten the destruction of the United States, we are now alarmed at the ability the Soviets have shown to project their power abroad through worldwide subversion and insurgency. A large part of enhanced influence in the world comes from the adept use of proxy forces, arms sales and military advisers around the world.

Recently, we had our cartographers prepare a map to show the Soviet presence in its various degrees of influence. They colored in red on a map of the world the nations under a significant degree of Soviet influence. Close to 50 nations were in red. Ten years ago, only 25 nations would have been colored in red. In the ten years between 1972 and 1982, 4 nations have extricated themselves from Soviet grasp and 23 nations have fallen under a significantly increased degree of Soviet influence or insurgency supported by the Soviets or their proxies. It is, in my opinion, no coincidence that the 11 insurgencies now under way throughout the world supported by Russia, Cuba, Libya and South Yemen happen to be close to the natural resources and the choke points in the world's sea lanes on which the United States and its allies must rely to fuel and supply their economic life. It is not hard to understand how this has come about. Time and again we have watched agents of the Communist apparatus move in to exploit underlying social and economic discontents, which are plentiful throughout the world. They gain a base, then expand it with trained men and military arms. With this help, local insurgents sabotage economic targets and drive out investment. This further heightens political and economic discontent. As discontent grows, more people go over to the insurgents which makes them bolder and stronger.

El Salvador provided an example of how we can help these beleaguered nations defend themselves. The training of El Salvadoran troops and officers in the United States imparted new capabilities to the government Army. The success of the recent elections in El Salvador came largely from developing new intelligence sources and showing the El Salvadoran Army how to use intelligence to break up guerrilla formations before they could attack provincial capitals in order to stop the voting. This resulted in the

American television audience seeing in living color Usulután, the provincial capital nearest Nicaragua, with its streets empty and its inhabitants huddled behind closed doors as guerrillas fired their rifles at doorways.

Then, a minute later, this television audience saw in the rest of the country long lines of people patiently waiting in the hot sun to cast their vote. That contrast in a few minutes wiped out weeks of distortion and propaganda about what has been happening in Central America.

Today, El Salvador has a new government and a vote of the people has overwhelmingly rejected the insurgents, organized, supplied and directed from Nicaragua and Cuba, in their attempt to stop the election. Next door in Honduras, a democratically elected civilian government, to which the military are fully subordinated, presides over a free and open society. Nicaragua can't stand this contrast to its own militarized and totalitarian society in which opposition forces, free expression, and civil liberties and human rights are being stamped out. So instructions have gone out and Communist and extreme leftist elements in Honduras have begun to hijack airplanes, plant dynamite in buildings and otherwise lay the groundwork for revolutionary violence in their determination to see that free democratic government does not succeed in Central America.

Subversion and insurgency exploit instability. We have established a Center for the Study of Insurgency and Instability which uses a wide range of techniques and methodologies to provide advance warning of instability and potential for destabilization in order to protect us from being caught by surprise as we were in Iran. The small and weak countries in which insurgencies can be fostered and developed to overthrow governments do

not need and cannot handle expensive and sophisticated weapons for which virtually all of them clamor. What they need is light arms to defend themselves against externally trained and supported guerrillas, good intelligence, good police methods, good communications, training in small arms and their use in small unit actions, and mobility to keep up with the hit-and-run tactics of guerrilla forces. We can introduce an element of stability into the Third World by helping small countries to develop those skills and capabilities for a fraction of our foreign aid budget. Governments facing civil war cannot achieve economic and social progress until they are able to control internal disruption.

We face another monster known as international terrorism. The Soviet Union has provided funding and support for terrorist operations via Eastern Europe and its client nations like Libya and Cuba. With at least tacit Soviet approval many groups have trained together in Cuba, Libya, Iraq, South Yemen and Lebanon. Even if the Soviet Union withdrew all patronage, terrorist activity would certainly continue, perhaps unabated. Terror has other independent patrons, currently the most prominent being Libya. Terrorist training camps are the largest industry in Libya, next to oil. International terrorism has taken on a life of its own. When enough terrorists are armed and trained, they must kidnap and rob to get money for what has become a big business. They need to assassinate and blow up things to get the media spotlight needed to recruit, keep up morale and make propaganda for their causes.

This terrorism, from headquarters in Beirut in Lebanon, Tripoli in Libya, and Aden in South Yemen, ranges across borders into five continents.

Working with the intelligence services of friendly nations, we are developing a network to track terrorist organizations and train local quick reaction and rescue forces to fight terrorism worldwide.

Another threat is in the exploitation of indigenous religious and political and other regional tensions. The most immediately dangerous may be the Shia and Sunni Moslem tensions running through Iran, Iraq, Syria and other states on the Persian Gulf which could bring heavy Soviet influence into the oil regions of the Middle East. Similar tensions exist to be inflamed and exploited between Arabs and Jews, between moderate and radical Arabs and between blacks and whites in Africa. The Russians and Cubans are poised to exploit tension between Gringos and Latinos in this hemisphere if the Falklands and other latent territorial disputes get out of hand.

There are lower level threats springing from an awesome range of special Soviet capabilities. Only recently have we established how the accuracy, precision and power of Soviet weapons, which we now must counter with budget busting appropriations, are based on Western technology to a far greater extent than we had ever dreamed. The Soviet political and military intelligence services, KGB and GRU, have for years been training young scientists to target and roam the world to acquire technology for their military arsenal from the US, Western Europe, Japan and anywhere else. They have acquired technology worth many billions by purchase, legal and illegal, by theft, by espionage, by bribery, by scientific exchanges and by exploiting our open literature and our Freedom of Information Act. We need to sensitize and protect our scientists, engineers and sales forces against technology pickpockets, dummy customers and forged papers used to funnel sensitive equipment and knowledge behind the

Iron Curtain. A year ago we established a Technology Transfer Center to identify and help fight this hemorrhage of our R&D.

Their skill in propaganda continually puts us at a disadvantage. While our intelligence has shown the Soviets carrying off the biggest peacetime military buildup in history, deploying over 200 missiles targeted at the capitols of Western Europe and using chemical and bacteriological weapons against freedom fighters and their women and children in Afghanistan and Indo-China, they have succeeded in painting the United States as the threat to peace.

This is accomplished through their political and intelligence apparatus in a far-flung and many-sided campaign of what they call active measures. Our intelligence can identify the distortions of these active measures but to develop the necessary instruments and links to expose and rebut them the private sector in the free world will have to carry much of that load. This is a challenge to everyone who believes in the values of a free and open society.

In the final analysis, all these threats boil down to a struggle for the hearts and minds of men. The courage of the Afghan freedom fighters, supported by arms and training provided by other nations, escalates the price and deters armed insurrection everywhere. The world has seen the Communist system fail in Poland. The once proud call of Lenin, "Workers of the world unite," today makes those in the Kremlin tremble. Many Third World countries have tried the Communist model and discovered that it doesn't work. The Soviets have been kicked out of Egypt, Sudan and Somalia. But to hold their people, leaders in these harassed countries needed to show that ties with the West do yield economic benefits. Even a modest Western presence enhancing

their trade and production and creating some jobs is all that they need to point to. Here the American private sector can play a far more significant role than government aid. What is needed in the Third World is not steel mills and power plants but entrepreneurial activity suited to the prevailing level of economic opportunity. That's the vision which President Reagan projected at the Cancun Summit. We now need private sector leadership to encourage and show American small and medium-sized business how to move offshore and involve themselves in the world.

The Intelligence Community has focused attention on the enormous economic problems which the Soviets are facing at home. Assessments have been produced on Soviet economic dependency on Western trade, on Soviet military use of Western technology, on the need for Western credits and energy markets to save the Soviets from a devastating hard currency squeeze in the years immediately ahead, and on how forces in the global economy are likely to impact our competitive position, our balance of payments, our capital formation and the industrial base on which our national security must rest. These are some of the ways intelligence can protect both our national security and economic interest from threats emanating from external sources.

One concluding thought -- as a nation we have a propensity for shooting ourselves in the foot. One of these self-inflicted wounds, close to my heart, leaves us the only country in the world which gives foreign intelligence agencies and anyone else a legal license to poke into our files. I question very seriously whether a secret intelligence agency and the Freedom of Information Act can co-exist for very long. The willingness of foreign intelligence services to share information and rely on us fully, and of individuals to risk their lives

and reputations to help us will continue to dwindle away unless we get rid of the Freedom of Information Act. Secrecy is essential to any intelligence organization. Ironically, secrecy is accepted without protest in many areas of our society. Physicians, lawyers, clergymen, grand juries, journalists, income tax returns, crop futures -- all have confidential aspects protected by law. Why should national security information be entitled to any less protection? I'm not asking for any retreat from our commitment to protecting essential liberties but only to bear in mind, as Justice Goldberg once said, that "while the Constitution protects against invasions of individual rights, it is not a suicide pact."

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